

Los Angeles Community Choice Energy (LACCE)

Request for Statement of Qualifications (RFSQ)

For

**Power Supply Procurement,
Data Management and Program Start-Up Services**

RFSQ Release Date: June 6, 2016

Response Deadline: July 6, 2016

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Overview

Los Angeles Community Choice Energy (“LACCE”) is requesting a statement of qualifications for electric power supply, data management and program start-up services to serve retail electric customers who will participate in LACCE’s Community Choice Aggregation Program.

The County of Los Angeles (County) is in the process of forming LACCE. The Business Plan for LACCE will be completed soon and available on line at <http://green.lacounty.gov/wps/portal/green/cca>. The LACCE participating governmental agencies anticipate forming a Joint Powers Authority (JPA) to provide the organizational and legal structure for LACCE. The JPA will be formed during the summer of 2016. The JPA will conduct evaluations of qualified suppliers under this RFSQ, and will negotiate and execute agreements with the selected suppliers.

It is anticipated that the LACCE will ramp up to full operation in three phases. Phase 1 will initiate the operations of LACCE and include all County-owned facilities within the County’s unincorporated areas. Phase 2 will include all customers within the County’s unincorporated areas. Phase 3 will include all of the County’s unincorporated areas plus open enrollment to all 82 Cities within LA County. A timeline and summary of the potential characteristics of these three phases is presented below.

Phase*	Initiation Date	Number of Customers	Peak Load MW	Annual MWa
1	January 2017	1,728	40	20
2	July 2017	306,930	900	440
3	July 2017	1,497,747	6,100	3,000

* A limited number of cities may be invited to join the Phase 1 and Phase 2 pilots depending on factors related to LACCE start-up capabilities and financing options.

LACCE wishes to provide highly renewable power supply to its customers through three distinct electric service offerings/products: 1) The LACCE standard tariff will include a 28% (equal to Southern California Edison’s current tariff) renewable energy supply; and 2) a voluntary 50% and 100% renewable energy tariff. Prospective suppliers should keep these three electric service offerings/products in mind, as these electric service offerings/products are key to achieving LACCE’s objectives.

Through this RFSQ process, LACCE is seeking suggestions on how to reliably meet the electric supply and operational requirements of its customers with a substantially renewable supply portfolio, and potentially leveraging LACCE’s capability as a public agency to utilize tax-exempt financing to reduce total power supply costs. This RFSQ seeks qualifications for one or more of the following services: Capacity and Scheduling Services (“Energy Products”), Data Management/Customer Services (“Data Manager Services”) and Program Start-Up Services (“Start-Up”).

One or more suppliers may be selected to provide the requested Energy Products. Responses for Data Manager and Start-Up Services may be provided independently of RFSQs for Energy Products.

The RFSQ will be conducted in accordance with the schedule set forth below. Final supplier selection will be contingent upon the LACCE's authorization to proceed.

RFSQ Schedule

Release RFSQ	June 6, 2016
Deadline for Question Submittal	June 13, 2016
Responses Due	July 6, 2016
Notification of Short List	July 21, 2016
Short List Interviews	August 11, 2016
Request for Proposals (if needed)	August 26, 2016
Proposal Submittals	September 12, 2016
Contract Negotiation	October 1, 2016
Contract Approved	October 15, 2016

Requested Products and Services

The services being requested by LACCE under this RFSQ are described below.

1. Energy Products

Qualifications to provide the following Energy Products are requested from your firm.

- a) Shaped Energy – Procure all electric energy requirements associated with the LACCE customer account. The supplier will be obligated to deliver energy in quantities sufficient to meet the needs of participating LACCE customers based on data obtained from the meter readings supplied by SCE. The supplier shall be responsible for delivering the energy to the SCE Load Aggregation Point ("Delivery Point") as defined by the California Independent System Operator (CAISO). The supplier shall shape energy deliveries to match the load profile of the LACCE customers.
- b) Ancillary Services – Procure all necessary ancillary services required in supplying the Shaped Energy to the Delivery Point. Ancillary Services shall include all reserves and other such services required by the CAISO.
- c) CAISO Scheduling Coordination – All CAISO interface services, which includes the filing with the CAISO of all schedules and meter data reports required to be filed by the Scheduling Coordinator for the meters enrolled in the LACCE service territory, and the submission of schedules, bids, and other required information for the Shaped Energy, Resource Adequacy Capacity, and Renewable Energy in accordance with the obligations of a Scheduling Coordinator as defined by the CAISO.
- d) Resource Adequacy Capacity – LACCE will need Qualifying Capacity to satisfy the LACCE's Resource Adequacy Requirements ("RAR") for both CAISO System and Local RAR resources. System RAR capacity is needed to meet 115% of the LACCE forecast monthly peak demand ("MW"). A portion of the Capacity supplied should qualify as Local Capacity in quantities sufficient to satisfy the Local Resource Adequacy Requirements applicable to LACCE. LACCE has a strong preference for local capacity resources (within LA County).

- e) Renewable Energy – LACCE will need to obtain renewable energy from qualifying renewable resources that meet the eligibility criteria for renewable resources (“Eligible Renewable Resources”) published by the California Energy Commission (“CEC”) for the Renewable Portfolio Standards (“RPS”) program. These renewable resources generally include power from qualifying wind, small hydroelectric, geothermal, biogas including landfill gas, digester gases and gas conversion or gasification technologies, direct combustion biomass, biodiesel power producing facilities, photovoltaic, solar thermal, fuel cells using eligible renewable fuels, qualifying municipal solid waste conversion, tidal current, ocean wave, and ocean thermal technology.

LACCE has a need for Renewable Energy to meet its RPS obligations (“Compliance Renewable Energy”) and Renewable Energy to meet its own renewable energy content requirements (“Voluntary Renewable Energy”). LACCE requires Compliance Renewable Energy that meets all requirements of the RPS, including the SB1X categorical limitations on use of shaped and firmed (“Bucket 2”) and unbundled Renewable Energy Certificates (RECs) (“Bucket 3”). LACCE requires Voluntary Renewable Energy to supplement the Compliance Renewable Energy in order to achieve an overall initial 28% renewable energy content for the standard tariff product, and 50% and 100% renewable energy content for the voluntary renewable energy products.

LACCE will prioritize procurement of energy from local, renewable resources within Los Angeles County borders throughout the Phases of LACCE operations. Responders shall propose a strategy for developing and/or procuring local, renewable resources as part of their response.

Responders shall propose a Risk Management Strategy for LACCE for procuring Energy Products throughout the Phases described for LACCE operations. The Risk Management Strategy shall address, at a minimum, Energy Products market price risk, Energy Products supplier risk, LACCE credit risk, and other risks typically incurred in the California wholesale bulk power markets.

One final note. Initially, LACCE will likely request a fixed price product with no take or pay requirements. This bundled product is desired at start-up for simplicity and administrative reasons. More creative pricing may be pursued by LACCE once start-up has been successfully completed.

2. Data Management and Customer Services

LACCE seeks statement of qualifications for Data Manager Services to support LACCE’s customer enrollment, billing, and customer services activities. Data Manager Services may be offered in conjunction with, or independent of, response to provide Energy Products services.

Data Manager Services include the following:

- a) *Electronic Data Exchange Services* – Receive CCA Service Requests (“CCASRs”) from SCE which specify the changes to a LACCE customer's account status such as a rate class change or opening/closing of an account.

Obtain customer usage data from the SCE's server.

Communicate the amount to be billed by SCE for services provided by LACCE.

Receive payment transactions toward LACCE charges from SCE after payment is received by the SCE from customers.

- b) *Customer Information System* – Maintain a customer database of all LACCE customers and identify each customer's enrollment status, payment, and collection status.
- c) *Customer Call Center* – Staff a call center between the hours of 8 AM and 5 PM Pacific Time, Monday through Friday, excluding SCE holidays, with additional coverage available during customer enrollment periods.

Receive calls from LACCE customers referred to Data Manager by SCE and receive calls from LACCE customers choosing to contact Data Manager directly without referral from SCE.

Provide a contact telephone number on the SCE invoice that would allow LACCE customers to contact Data Manager directly.

Respond to telephone inquiries from LACCE customers using a script developed by LACCE. For questions not addressed by the script, refer inquiries either back to the SCE or to LACCE.

Respond to customer inquiries within 4 business hours or less. Inquiries would be received either through telephone calls, internet chat, or email.

- d) *Billing Administration* – Maintain a table of rate schedules, provided by LACCE, and calculate bills.

Apply SCE account usage against applicable LACCE rates.

Review application of LACCE rates to SCE accounts to ensure that the proper rates are applied to the accounts.

Provide timely billing information to the SCE to meet the SCE's billing window.

Use commercially reasonable efforts to remedy billing errors in a timely manner, within no more than one billing cycle.

Check preliminary bills from SCE for reasonableness before the bills are sent out.

- e) *Reporting* – Prepare various reports required by LACCE including the following:

Daily and monthly report of billing information (usage, amount, customer information, etc.).

Daily and monthly report of payment transactions received.

Weekly report of delinquent accounts.

Weekly report of exceptions (usage delayed, usage received but unbilled, usage gaps, etc.).

Weekly report of accounts added and dropped.

Monthly report of billing errors.

Monthly report of billing timeliness.

Monthly report to LACCE that indicates the number of customer call center inquiries received, the average time required to respond to the inquiry and the percentage of issues resolved per inquiry.

Other reports as may be specified by LACCE or proposed by the bidders.

- f) *Settlement Quality Meter Data* – Data Manager shall provide LACCE or its designated Scheduling Coordinator with Settlement Quality Meter Data (“SQMD”) as required by the CAISO.

3. Program Start-Up Services

The selected Energy Product and Data Management/Customer Service suppliers will be required to participate in the LACCE program start-up stage leading up to commencement of energy deliveries to LACCE customers. The startup stage may include the following activities:

- Program management
- Communications and marketing
- Regulatory interface and compliance
- California Public Utilities Commission (“CPUC”) registration
- Utility interface and service initiation
- Customer notices and opt out processing

It is estimated that \$10,000,000 in bridge funding will be required to fund the LACCE program from the time the Implementation Plan is approved by the CPUC until the beginning of service to customers. These funds are intended to cover initial staff costs, marketing, consultants, interface with SCE, and any bonding required by the CPUC. Prospective suppliers are encouraged to propose a mechanism for funding these costs or providing in-kind services (e.g., staff assistance) to reduce LACCE’s need for external start-up funding.

LACCE estimates that this \$10,000,000 bridge funding will, in part, also be needed to cover the estimated initial cost of energy provided to customers prior to the collection of rates and customer payments from SCE under typical wholesale power payment timelines. LACCE will give preference to proposals that synchronize the power supplier payments with LACCE’s revenue cycle to reduce the need for bridge funding.

Prospective suppliers are encouraged to submit financing packages that provide options for procuring start-up and bridge funding or for eliminating the need for external funding sources.

RFSQ Requirements

All suppliers must adhere to the following requirements in order to be considered:

1. Respondents offering to provide Energy Products must be certified by CAISO as a Scheduling Coordinator, or must put forward a certified Scheduling Coordinator that will be responsible for scheduling loads and resources. If the respondent is not a certified CAISO Scheduling Coordinator and will be putting forward a third-party to serve in this capacity, LACCE will require these respondents to submit statements that are co-signed by the anticipated Scheduling Coordinator, verifying the intended business relationship and the anticipated scope of services to be provided.
2. Respondents must agree to a minimum services contract term length commencing no earlier than October 1, 2016, and concluding on December 31, 2018. Longer contract terms and conditions may be proposed.

Evaluation Criteria

In addition to the aforementioned minimum qualification requirements, suppliers will be evaluated based on the following non-exhaustive list of factors:

- Financial viability of respondent and proposed financing plan, including structuring options.
- Operational experience of respondent and of key personnel, including a description of similar services, number of times the firm has provided services similar to those noted above, years of experience and volume of energy supplied; respondents should provide a minimum of three related references. Preference will be given to suppliers with related California experience.
- Assistance with start-up activities, and bridge funding or flexible invoicing timelines that minimize initial startup capital requirements.
- Demonstrated understanding of LACCE's program requirements through the creativity, responsiveness, and comprehensiveness of the responses.

LACCE reserves the right to consider other factors than those specified above and to request additional information from suppliers. Through issuance of this RFSQ, LACCE makes no commitment to any supplier that it will be awarded a contract to provide the solicited services. LACCE reserves the right to discontinue this RFSQ process at any time for any reason. This evaluation process will follow the applicable purchasing requirements of the County of Los Angeles and will use a pass/fail evaluation process format.

Supplier Proprietary Information

Information submitted in response to this RFSQ will be used by LACCE or its designated representatives, including consultants, solely for the purpose of evaluating this RFSQ. Proprietary data should be specifically identified on every applicable page of the supplier's submittal; suppliers

should mark or stamp applicable pages as “Confidential” or “Proprietary.” Reasonable care will be exercised so that information clearly marked as proprietary or confidential will be kept confidential, except as required by law or regulatory authority. LACCE and its employees and consultants will not be liable for the accidental disclosure of such data, even if it is marked.

RFSQ Format

RFSQ information should be organized into the following sections:

- Introduction and Executive Summary – Briefly describe respondent’s firm, its organization, key personnel, and operations and provide similar information for any third parties that would be relied upon to provide the proposed services.
- Description of Proposed Services – Describe the proposed services.
- Financial, Technical, and Operational Qualifications – Demonstrate the supplier’s financial viability, qualifications, and experience in providing the proposed services. Include supporting financial statements, credit reports, and references.

Reservation of Rights

LACCE reserves the right to change the requirements, due dates, and other RFSQ requirements as may be necessary for the development of the overall program.

Proposal Delivery

Statement of qualifications must be received by 2:00 PM Pacific Time on July 6, 2016. Each respondent should provide eight (8) double-sided copies of its RFSQ at the time of submittal. Receipt by LACCE of an electronic copy by the due date will satisfy this requirement, provided that LACCE receives eight (8) double-sided hardcopies by the close of business two business days following the proposal due date. Copies of the proposal should be sent to the following address:

Anne Falcon
EES Consulting, Inc.
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Kirkland, WA 98033

All questions regarding this RFSQ should be addressed to Anne Falcon, EES Consulting, Inc., falcon@eesconsulting.com, 425-889-2700, ext. 227.